

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15

STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 USIA-06

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FM AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: ENRG, MY

SUBJ: PETRONAS: PREPARATION OF MASTER PLAN FOR
MALAYSIAN PETROLEUM INDUSTRY

1. APRIL 29 NEW STRAITS TIMES REPORTS ANNOUNCEMENT BY PETRONAS CHAIRMAN RAZALEIGH OF PREPARATION OF MASTER PLAN FOR PETROLEUM INDUSTRY TO BE COMPLETED IN FOUR TO SIX MONTHS. PLAN REPORTEDLY WILL BE COORDINATED WITH AGRICULTURAL AND INDUSTRIAL DEVELOPMENT PLANS AND WILL INCLUDE DOWNSTREAM ACTIVITIES, SPECIFICALLY MENTIONING LNG, LIQUEFIED AMMONIA AND UREA FERTILIZER. PLAN INCLUDES CONSIDERATION OF THREE ADDITIONAL REFINERIES: ONE AT LUMUT, PERAK (CALTEX PROPOSAL); ONE ON EAST COAST PENINSULAR MALAYSIA; AND THIRD IN EITHER SABAH OR SARAWAK. RE MARKETING AND DISTRIBUTION, MAXIMUM OPPORTUNITY TO BE PROVIDED NALAYSIANS.

2. COMMENT: ASSUME OVERALL PLAN FOR PETROLEUM INDUSTRY WILL EVENTUALLY BE FORTHCOMING BUT ECONOMICALLY MEANINGFUL PRODUCT IN GIVEN TIME-FRAME IMPROBABLE. PETRONAS REPORTEDLY HAS

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ONLY THIRTY-THREE EMPLOYEES AT THIS TIME. NEGOTIATIONS

WITH STATES OVER TRANSFER OF OIL RIGHTS TO PETRONAS
PROGRESSING WITH AGREEMENT REPORTEDLY REACHED WITH
SARAWAK AND MOST RELEVANT PENINSULAR STATES BUT WE
UNDERSTAND THAT MOST DIFFICULT (SABAH) REMAINS.
ANOTHER FIRST ORDER OF BUSINESS IS NEGOTIATION OF
PRODUCTION-SHARING AGREEMENTS WITH EXPLORATION COMPANIES.
THIS HAD BEEN EXPECTED EARLIER BUT APPARENTLY DELAYED
BY CONSIDERATIONS OF AMENDMENT TO PETROLEUM ACT. IT
IS OUR UNDERSTANDING THAT RESERVOIRS EAST OF PENINSULAR
MALAYSIA HAVE NOT YET BEEN SUFFICIENTLY DEFINED TO
PROVIDE SOUND BASIS FOR OVERALL PLANNING. LOOMING
OVER ALL IS FEELING THAT FOREIGN COMPANIES WOULD BE
WELL ADVISED TO WAIT AND SEE WHAT GOM'S INTENTIONS
ARE BEFORE MAKING DECISIONS RE ANY NEW INVESTMENT.
SEEMS MORE LIKELY THAT ANNOUNCEMENT WAS MADE WITH
EYE TOWARDS UMNO ELECTIONS SCHEDULED FOR JUNE.
UNDERHILL

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